

SOCIAL SERVICES

I. OVERVIEW

Social Services is the sixth of the eleven major programs in the statewide program structure. The overall objective of the Social Services program is to enable individuals and families in need to attain a minimally adequate standard of living and to achieve social and psychological adjustments necessary to successful living in modern society, and to provide veterans and their dependents with burial benefits.

The Social Services program is composed of four principal sub-programs - Services to Individuals, Families and Veterans; Assured Standard of Living; Planning, Development, Management and General Support for Hawaiian Homesteads; and Overall Program Support for Social Services. A total of 29 individual lowest-level programs are included in the Multi-Year Program and Financial Plan for the Period 2007-13.

State agencies involved in the program are: Departments of Human Services (DHS) (23 programs); Hawaiian Home Lands (DHHL) (2 programs); Health (DOH) (2 programs); Attorney General (AG) (1 program); and Defense (DOD) (1 program).

Major categories of program activities are: 1) providing information, referral, education, counseling, and follow-up services to families or individuals with personal or social problems that hinder them from achieving a successful adjustment to contemporary society; 2) providing financial assistance and guidance to those needing the essentials of life; 3) providing assistance, support and opportunities to native Hawaiians through development and assignment of residential, commercial and agricultural lands; and 4) providing overall program support, policy direction and management of operations.

Important program relationships exist between the Social Services program and the following private and governmental agencies:

- (1) Federal
 - Department of Health and Human Services
 - Department of Housing and Urban Development
 - Department of Agriculture
 - Department of Veterans Affairs
 - Department of the Interior
- (2) Counties
 - Community Services Departments
 - Police Departments
 - Prosecuting Attorney Departments

- (3) Private
- Catholic Charities
 - Institute of Human Services
 - Kamehameha Schools/Bishop Estate
 - Association of Hawaiian Civic Clubs
 - Council for Native Hawaiian Advancement
 - Queen Liliuokalani Trust
 - Hale Kipa Youth Services
 - Child & Family Services
 - Maui Youth & Family
 - Salvation Army
 - Parents Inc.
 - Hawaii Youth Services Network
 - Partners in Development
 - Queen's Health Systems
 - Kapiolani Health

Table I, following, provides data on the costs and selected measures of effectiveness/activity for the Social Services program. It is noted that capital investment costs are zero for the planning period because projects are under review.

TABLE I
SUMMARY OF PROGRAM COSTS
AND
MEASURES OF EFFECTIVENESS/ACTIVITY
SOCIAL SERVICES PROGRAM

	F i s c a l Y e a r s							
	Actual 2005-06	Est. 2006-07	Rec. 2007-08	Rec. 2008-09	2009-10	P r o j e c t e d		
						2010-11	2011-12	2012-13
A. <u>Costs of the Recommended Program^{A/}</u>								
Capital Investment	15.8	26.4	31.0	26.0	...	...	...	...
Operating	1,730.0	1,848.1	1,896.9	1,936.7	2,017.5	2,087.4	2,162.5	2,242.8
Total	1,745.8	1,874.5	1,927.9	1,962.7	2,017.5	2,087.4	2,162.5	2,242.8
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Percent of potentially eligible single adult families receiving TANF assistance.	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0
Percent of potentially eligible cases/households receiving general assistance (GA).	89.0	89.0	89.0	89.0	89.0	89.0	89.0	89.0

A/ Expenditures in millions of dollars from all funds.

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

This section discusses activities, costs, and effectiveness of the four Level II major programs which constitute the Social Services program.

SERVICES TO INDIVIDUALS, FAMILIES, AND VETERANS

The objective of the major subprogram, Services to Individuals, Families, and Veterans, is to enable individuals, veterans, and families in need of aid to achieve social and psychological adjustments necessary to successful living in modern society.

A total of eight individual, lowest-level programs constitute this Level II program. Two State departments are involved: DHS and DOD.

This Level II program promotes self-sufficiency, protection, prevention of institutionalization, and institutional care when necessary for high risk and/or disadvantaged, vulnerable children, families, and disabled adults. Activities of this program include:

1. Adult and community care services
2. Child welfare services
3. Child care licensing
4. Child day care
5. Residential social rehabilitation
6. Troubled youth services
7. Domestic violence shelter
8. Veterans services
9. Homeless services

Table II-1 provides data on the costs and selected measures of effectiveness/activity for the Services to Individuals, Families, and Veterans major subprogram. Operating costs will remain consistent from \$236.0 million in FY 08 to \$235.9 million in FY 13. Capital Investment during the budget planning period is \$1.0 million for both FY 08 and FY 09.

It is noted that no capital investment costs are reflected for the planning period because projects are under review.

TABLE II-1

INVESTMENT AND OPERATING COSTS
AND
MEASURES OF EFFECTIVENESS/ACTIVITY

SERVICES TO INDIVIDUALS, FAMILIES AND VETERANS

	F i s c a l Y e a r s							
	Actual 2005-06	Est. 2006-07	Rec. 2007-08	Rec. 2008-09	2009-10	P r o j e c t e d		
						2010-11	2011-12	2012-13
A. <u>Costs of the Recommended Program</u> ^{A/}								
Capital Investment	4.8	9.7	1.0	1.0	...	...	...	...
Operating	209.6	227.9	236.0	235.9	235.9	235.9	235.9	235.9
Total	214.4	237.6	237.0	236.9	235.9	235.9	235.9	235.9
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Percent of eligible dependent adults receiving community long-term care services who remain safely in domiciliary care.	95	95	95	95	95	95	95	95
Number of child abuse and neglect investigations completed.	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Number of dependent adults provided protective services.	535	535	535	535	535	535	535	535

^{A/} Expenditures in millions of dollars from all funds.

ASSURED STANDARD OF LIVING

The objective of the major subprogram, Assured Standard of Living, is to assure that those in need attain at least a minimum adequate standard of living by providing services, direct assistance, and payments for necessities of life.

A total of 13 individual, lowest-level programs constitute this Level II program. Two State departments are involved: DHS and AG.

The lowest-level programs in this major sub-program include two programs providing monetary assistance; six programs providing housing and assistance; two programs providing health care assistance; and three general support programs - case management for self-sufficiency, disability determination and child support enforcement services.

The monetary assistance programs provide direct monetary payments and advice to individuals and families who have difficulty acquiring a minimally adequate amount of food, clothing, shelter and other essentials. Under welfare reform, the Aid to Families with Dependent Children entitlement program has been replaced by programs providing time-limited, temporary assistance to needy families, during which time able-bodied adults are expected to acquire skills necessary to become self-sufficient.

The housing programs serve to provide affordable housing and shelter opportunities with support services to Hawaii's residents. The HPHA is making a concerted effort to repair and maintain its infrastructure in the upcoming biennium. Operating funding requests to purchase energy efficient appliances, fully fund security contracts, expand homeless program services and outreach, and repair and maintain housing units have been submitted. Capital Improvement Projects (CIP) funding requests to repair elevators and provide lump sum extraordinary repairs/renovations to buildings statewide have also been submitted.

The health care programs provide health care assistance to low-income individuals and families by providing actual health care services, or services procured through vendors to individuals and families who have difficulty acquiring necessary preventive and treatment services.

The health care assistance programs consist of a fee-for-service (FFS) and managed care programs. FFS program clients may see any participating Medicaid provider and the State pays for eligible medical services, i.e., services medical professionals identify as being "medically necessary." The FFS program serves residents who are age 65 and older, blind, or disabled. QUEST managed care program clients may choose their health care service provider from various managed health plans. QUEST clients choose their own primary care

doctor from among the provider network of their respective medical plans. The State pays health care providers a monthly capitation rate for each QUEST enrollee. The QUEST program serves residents who are under age 65 and not blind or disabled. The benefits under FFS are the same as those for QUEST managed care.

The general support programs support the other lowest-level programs in the Assured Standard of Living major sub-program by determining initial and continuing eligibility of applicants and recipients, orienting them to services available, and directing them to appropriate places for assistance. Effective October 2006, new Temporary Assistance to Needy Families (TANF) regulations require states to provide actual verification of each hour of work activity for a majority of First-to-Work (FTW) clients on a weekly and/or monthly basis and have clients make up any hours under 30 hours per week or be subject to financial penalties. Previously, clients could self-certify their work hours. This dramatic increase in workload is being addressed in part through requests for eight (8) permanent federal-funded Social Services Assistant positions and through contracted services. In addition, an increasing emphasis on the provision of support services to needy families, including skill development, employment training, and child care is necessary to serve clients in temporary assistance programs making the transition to self-sufficiency in a limited time.

CHILD SUPPORT ENFORCEMENT SERVICES

The program nationally known as the Title IV-D Child Support Enforcement Program operates under relevant Hawaii Statutes (e.g., Chapter 576, HRS) as well as under the directives of the Code of Federal Regulations (e.g., 45 CFR, Chapter III). The goal of the Child Support Enforcement (CSE) Program, which was established in 1975 under Title IV-D of the Social Security Act, is to ensure that children are supported financially and medically by both parents.

Hawaii's Child Support Enforcement Agency (CSEA) is the largest division in the AG whose primary purpose is to obtain child support payments from non-custodial parents and reimburse the State for moneys paid for public assistance programs. A federal/State partnership, the agency promotes family self-sufficiency by securing regular and timely support payments, locating parents, establishing paternity, and establishing and enforcing support orders.

In addition, CSEA accepts and processes applications for service from parents who have not received financial assistance from the public assistance program, Temporary Assistance for Needy Families (TANF). CSEA also establishes child support through the administrative process, enforces delinquent child support obligations, modifies child support obligations, obtains medical support for those children lacking support,

establishes and enforces Orders of Income Withholding, and terminates child support obligations.

As of June 30, 2006, the agency currently services approximately 120,000 cases. Eighty-four percent (84%) of these cases are serviced through the Title IV-D program for which child support enforcement is provided. The remaining 16% of cases are considered non Title IV-D and are serviced to the extent that child support payments are received and disbursed by the agency. The non-Title IV-D cases are not supported by federal grants. The agency is primarily funded through the Federal Financial Participation (FFP) program. Sixty-six percent (66%) of all expenses incurred by the agency that are related to the Title IV-D program are covered through the FFP program and only 34% of its operating costs are paid through State funding. Federal funds are awarded as grants to the Title IV-D agency and are controlled through quarterly expenditure federal reports.

Total child support collections in FY 06 reached \$109,837,000, an increase of 38% over the past ten years. Approximately 68% of the agency's total collections are received from employer income withholdings. Since 1977, collections made by CSEA have proven to be a cost effective means to offset welfare benefits. Other major child support payments are derived from various collection and enforcement programs, which include federal and State tax intercepts, financial institute data match, direct payments, and unemployment benefits.

The federal government provides policy, training, guidance, and funding. Welfare reform legislation signed in 1996 under the Personal Responsibility Welfare Opportunity Reconciliation Act (PRWORA) provided stronger measures ensuring that children receive the support due them. States were also required to enact uniform interstate laws by January 1, 1998. At the same time, State and federal CSE programs provided registries of newly hired employees and paternity establishment was streamlined. States were required to have computerized statewide support collection and disbursement centers by October 1998. In addition, the Welfare Reform Act of 1996 required that states comply with all systems programs mandated by PRWORA by October 2000, or face strict penalties to the Title IV-A program. Hawaii was the 7th state to have its system (KEIKI) fully certified by the federal government.

Table II-2 provides data on the costs and selected measures of effectiveness/activity for the Assured Standard of Living major sub-program. Annual operating costs for the Assured Standard of Living programs increase to \$1.5 billion in FY 08 and increase to \$1.8 billion by FY 13. Capital investment during the budget planning period is \$30 million for FY 08 and \$25 million for FY 07.

It is noted that no capital investment costs are reflected for the planning period because projects are under review.

TABLE II-2

INVESTMENT AND OPERATING COSTS
AND
MEASURES OF EFFECTIVENESS/ACTIVITY
ASSURED STANDARD OF LIVING

	F i s c a l Y e a r s							
	Actual 2005-06	Est. 2006-07	Rec. 2007-08	Rec. 2008-09	2009-10	P r o j e c t e d		
					2010-11	2011-12	2012-13	
A. <u>Costs of the Recommended Program</u> ^{A/}								
Capital Investment	7.0	11.0	30.0	25.0	...	...	...	...
Operating	1,415.1	1,480.8	1,500.7	1,547.1	1,627.8	1,697.7	1,772.8	1,853.1
Total	1,422.1	1,491.8	1,530.7	1,572.1	1,627.8	1,697.7	1,772.8	1,853.1
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Percent of potentially eligible single adult families receiving TANF assistance.	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0
Percent of potentially eligible cases/households receiving General Assistance.	89.0	89.0	89.0	89.0	89.0	89.0	89.0	89.0
Average monthly rent supplement payment for State housing.	136	136	136	136	136	136	...	...
Average monthly turnover rate of public housing units.	85	85	85	85	85	85	...	...

^{A/} Expenditures in millions of dollars from all funds.

PLANNING, DEVELOPMENT, MANAGEMENT AND GENERAL SUPPORT FOR HAWAIIAN HOMESTEAD LANDS

The objective of this program is to develop and manage the designated Hawaiian home lands to create housing and homestead opportunities for native Hawaiians (as defined by the Hawaiian Homes Commission Act, 1920, as amended) and generate the revenues needed to administer the program. Through the use of these revenues, leased lands, loan funds and technical assistance will be provided to native Hawaiians.

One lowest-level program constitutes this Level II program. One State department is involved: Department of Hawaiian Home Lands (DHHL).

DHHL is headed by an executive board, the Hawaiian Homes Commission. The department administers a homesteading program in accordance with provisions of the Hawaiian Homes Commission Act, 1920, as amended, and manages a land trust consisting of approximately 200,596 acres of land on Oahu, Kauai, Molokai, Lanai, Maui, and Hawaii.

Act 14, SpSLH 1995, settled longstanding land title claims involving the illegal transfer and improper use of thousands of acres of Hawaiian home lands by the Territory and State of Hawaii. Under the terms of Act 14, DHHL will receive \$30 million annually over a 20-year period as compensation to the Hawaiian home lands trust. The initial payments are being used to fund needed infrastructure improvements that will enable thousands of native Hawaiian families to move onto Hawaiian home lands.

DHHL is working with other Hawaiian organizations to bring needed services into homestead communities. Multi-service centers are being planned that will offer an array of social, educational, employment and health services to Hawaiian families. The first of its kind, Kulana O'iwi, in Kalamaula, Moloka'i was completed in 1999. DHHL is working with the Kamehameha Schools to bring preschools and elementary schools into the homestead areas.

DHHL is continuing to provide financial assistance to worthy projects benefiting native Hawaiian communities. Grants are provided to organizations with priority on housing, improvements to homestead land, and building the capacity of homestead communities. In addition, scholarships have been provided to native Hawaiian students seeking higher education.

The U.S. Department of Housing and Urban Development, Federal Housing Administration (FHA) insured loans (as provided by private lenders) is the primary source of loan financing for native Hawaiians. The FHA loan program, adopted in 1987, allows homesteaders to apply for new or replacement home financing with long-term loans insured by FHA. Loans are also available through other external sources such as the U.S.

Department of Agriculture's Rural Development, U.S. Department of Veterans Affairs, federal credit unions, and other financial entities through which the department provides loan guarantees. DHHL has expanded its capacity for external mortgage financing through private mortgage insurance programs with local lenders.

Table II-3 provides data on costs and selected measures of effectiveness/activity for the Planning, Development, Management and General Support for Hawaiian Homestead Lands major sub-program.

TABLE II-3

INVESTMENT AND OPERATING COSTS
AND
MEASURES OF EFFECTIVENESS/ACTIVITY

PLANNING, DEVELOPMENT, MANAGEMENT AND GENERAL SUPPORT FOR HAWAIIAN HOMESTEAD LANDS

	F i s c a l Y e a r s							
	Actual 2005-06	Est. 2006-07	Rec. 2007-08	Rec. 2008-09	2009-10	Projected 2010-11	2011-12	2012-13
A. <u>Costs of the Recommended Program</u> ^{A/}								
Capital Investment	2.3	3.5	...	...	...	...	...	...
Operating	15.0	15.6	32.3	26.8	26.8	26.8	26.8	26.8
Total	17.3	19.1	32.3	26.8	26.8	26.8	26.8	26.8
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Number of new residential lots awarded.	210	210	210	210	210	210	210	210
Number of residential homesteads awarded as a percentage of number on waiting list.	1.1	1.07	1.04	1.01	0.98	0.95	0.92	0.89
Number of agricultural homesteads awarded as a percentage of number on waiting list.	...	0.03	...	...	...	...	...	...
Number of new homes constructed.	14	311	210	210	210	210	210	210
Number of new homes constructed as a percentage of number planned for construction.	6.67	148	100	100	100	100	100	100

^{A/} Expenditures in millions of dollars from all funds.

OVERALL PROGRAM SUPPORT FOR SOCIAL SERVICES

The objective of the major sub-program, Overall Program Support, is to enhance effectiveness and efficiency with which the objectives of the Social Services program are achieved by providing executive direction, program planning and analysis, and other program support and administrative services.

A total of six individual, lowest-level programs constitute this Level II program. Two State agencies are involved: DHS and DOH.

Major program activities contributing to this objective are:

- Planning and developing short- and long-range program plans.
- Evaluating program policies and procedures, and inaugurating changes as needed.
- Proposing State and federal legislation.
- Conducting social and program research.
- Maintaining effective communication with staff and operating personnel of State, federal, and other agencies.
- Directing operations and personnel.
- Providing orientation and training sessions to increase the effectiveness and efficiency of staff members.
- Providing other administrative and housekeeping services.

Four of the six programs are administrative in function and support major social service divisions. One program (Program Development, Coordination of Services and Access for Persons with Disabilities) serves to develop and coordinate services and access for persons with disabilities and one program (Executive Office on Aging (EOA)) serves to enable older persons to live healthy, dignified, and independent lives.

Disability and Communication Access Board (DCAB)

The functions of the DCAB are to:

1. Establish guidelines for the design of building, facilities, and sites by or on behalf of the State and counties in accordance with Section 103-50.
2. Provide review and recommendations on all State and county plans for buildings and facilities, in accordance with Section 103-50.

3. Establish guidelines for the utilization of communication access services provided for persons who are deaf, hard of hearing, or deaf/blind in State programs, including the credentialing of interpreters who do not possess national certification.
4. Administer the statewide program for parking for disabled persons, in accordance with Part III of Chapter 291.
5. Serve as public advocate of persons with disabilities by providing advice and recommendations on matters relating to access for persons with disabilities, with emphasis on legislative matters, administrative rules, policies, and procedures of State and county governments.
6. Review and assess the problems and needs relating to access for persons with disabilities in the State in order to provide recommendations in the improvement of laws and services.
7. Serve as the designated State agency to coordinate the efforts of the State to comply with the requirements of the Americans with Disabilities Act for access to services, employment, telecommunications, and facility and site design.
8. Provide technical assistance and guidance to, but not limited to, State and county entities in order to meet the requirements of State, federal, and county laws.

Executive Office on Aging

As a result of the Older Americans Act, the EOA was designated the lead agency in the State of Hawaii to address aging issues on behalf of more than 224,000 persons 60 years of age and older. For the well being (physical, social, mental health, etc.) of the State's older population, the EOA is charged with a wide range of responsibilities that include:

- Providing statewide leadership for the development and review of policies and programs for older adults, as articulated by the State Plan on Aging, the Comprehensive Master Plan for the Elderly, and the Long-Term Care Plan for Hawaii's Older Adults.
- Developing a State Plan for submission to the U.S. Administration on Aging enabling the State to receive allotments under the Older Americans Act.
- Serving as a clearinghouse of aging policies and information.
- Recognizing older adults as resources.

- Maintaining an efficient statewide database system to identify and define the aging population in Hawaii.
- Overseeing a statewide, client-driven, comprehensive home and community-based system of services.
- Recognizing that elders deserve special protection from abuse and neglect.
- Promoting and establishing basic services for family caregivers.

Table II-4 provides data on the costs and selected measures of effectiveness/activity for the Overall Program Support for Social Services major sub-program.

TABLE II-4

INVESTMENT AND OPERATING COSTS
AND
MEASURES OF EFFECTIVENESS/ACTIVITY
OVERALL PROGRAM SUPPORT FOR SOCIAL SERVICES

	F i s c a l Y e a r s							
	Actual 2005-06	Est. 2006-07	Rec. 2007-08	Rec. 2008-09	2009-10	P r o j e c t e d		
						2010-11	2011-12	2012-13
A. <u>Costs of the Recommended Program</u> ^{A/}								
Capital Investment	1.7	2.3	...	...	...	...	...	...
Operating	90.3	123.9	127.9	127.0	127.0	127.0	127.0	127.0
Total	92.0	126.2	127.9	127.0	127.0	127.0	127.0	127.0
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Percent recipient fair hearings decided in favor of department.	85	85	85	85	85	85	85	85
Percent of welfare appeals resolved within specified timeliness criteria.	90	90	90	90	90	90	90	90

^{A/} Expenditures in millions of dollars from all funds.

III. PROGRAM CHANGE RECOMMENDATIONS

The 2005 Legislature, in Act 178, SLH 2005, created two new lowest-level programs to reflect a separation of administrative and line functions under the Planning, Development, Management and General Support for Hawaiian Homesteads sub-program. The consolidation of the two into one lowest-level program is recommended for FY 2007-09. The department has one mission, to place native Hawaiians on Hawaiian home lands.

After re-evaluating program services and operations, it was recommended that HMS 502 (Youth Services Programs) be eliminated and the majority of its resources transferred to HMS 501 (In-community Youth Programs). The balance of resources was transferred to HMS 503 (Hawaii Youth Correctional Facility).

In addition, several changes were recommended to the program structure to consolidate similar program functions and transfer out housing programs and resources: 1) HMS 201 (Temporary Assistance to Needy Families) and HMS 203 (Temporary Assistance to Other Needy Families) were consolidated in the new HMS 211 (Cash Support for Families Pursuing Self-Sufficiency); 2) HMS 202 (Payments to Assist the Aged, Blind and Disabled) and HMS 204 (General Assistance Payments) were consolidated into the new HMS 212 (Cash Support for Aged, Blind and Disabled Individuals); 3) the bifurcation of the Housing and Community Development Corporation of Hawaii (HCDCH) (pursuant to Act 196, SLH 2005 and Act 180, SLH 2006) into the Hawaii Public Housing Authority (HPHA - attached to the DHS)) and the Hawaii Housing Finance and Development Corporation (HHFDC - attached to the Department of Business, Economic Development and Tourism (DBEDT)) resulted in the creation of five programs in DBEDT (BED 223, 225, 227, 229 and 231); 4) three programs (HMS 223, 227 and 231) were eliminated and all associated resources and functions transferred to the HHFDC (BED 223, 227 and 231); 5) the five housing programs in DBEDT were then consolidated into one program (BED 160) and relocated from the Social Services program structure to Economic Development; 6) HMS 206 (Federal Assistance Payments) and HMS 237 (Employment and Training) were consolidated with HMS 903 (General Support for Self-Sufficiency Services); and 7) HMS 230 (Health Care Payments), HMS 603 (Home & Community-Based Care Services) and HMS 245 (Quest Health Care Payments) were consolidated into the new HMS 401 (Health Care Payments).

IV. EMERGING TRENDS AND ISSUES

HEALTH CARE

Health care costs are rising significantly for two primary reasons: higher enrollment in the Medicaid Fee-For-Service (FFS) and QUEST programs, and the high rate of cost increases of medical services.

Enrollments in both the QUEST and FFS programs have increased. In FY 06, there were over 162,000 QUEST recipients and over 40,700 FFS recipients. The department will expand its coverage further when it implements the QUEST Adult Coverage Expansion (ACE) program which will cover up to an additional 20,000 individuals who are currently uninsured at or below 100% of poverty.

Further, the costs of providing medical care have increased at a much higher rate than overall inflation. Prescription drugs have been particularly reflective of high medical inflation. Nationally, drugs are expected to increase approximately 16% annually through 2011. DHS also provides QUEST coverage for Compact of Free Association (CFA) recipients with all State funds, and this population has also been increasing.

To reduce costs, the QUEST program will be expanded to include current FFS clients. The aged or disabled Medicaid clients in the FFS program will be offered the full range of benefits from acute through home and community-based and long-term care services through QUEST "Expanded Access" (QExA). This conversion to managed care will improve access, increase efficiency, improve provider accessibility, coordination and quality of care, improve health outcomes and disease management, and slow the growth of health care costs, as demonstrated by the current QUEST program. DHS has secured an extension of the current Medicaid 1115 waiver from the U.S. Centers for Medicare and Medicaid Services (CMS) through June 2008. The department is currently seeking approval of a request to include the aged or disabled population into the QExA managed care delivery system. Forecasting federal approval by January 2007, DHS has targeted July 1, 2008 as the implementation date for the FFS conversion to managed care.

HAWAIIAN HOMESTEADS

In January 2003, a strategic planning process was initiated to set a course for DHHL for the next four years. This process resulted in the development of a strategic plan that set out four major goals:

Goal 1: Within five years, provide every qualified native Hawaiian beneficiary on the waiting list an opportunity for homeownership or land stewardship on homestead lands.

The Commission and the staff are committed to significantly increasing the number of homestead awards issued by the department. Toward this end, DHHL has undertaken the following actions:

- DHHL has made the transition from being a pocket developer to developing master planned communities.
- DHHL has identified priority projects, and established a five-year development schedule that will result in 4,000 new lots or awards for Hawaiian families.
- DHHL has conducted a series of informational meetings on the Big Island, Maui, Kauai, Lanai and Oahu to inform the department's beneficiaries about what projects are planned on each island, when development will occur, and what type of improvements will be built. Approximately 1,100 homestead leases have been awarded in calendar year 2006.
- In July 2006, the Hawaiian Homes Commission approved a \$156 million development budget for the current fiscal year. This budget appropriates approximately \$136 million in funding received or to be received under the Act 14 Settlement, and about \$13 million in federal NAHASDA funds. This budget also assumes that the Legislature will continue to honor its commitment through the appropriation of \$30 million for FYs 08 and 09.
- As part of the development budget approved by the Commission, \$500,000 is being used to implement a major financial literacy and credit counseling program to prepare buyers for homeownership. This new program, called HOAP, Home Owners Assistance Program, will be offered to applicants on all islands.
- DHHL's Kaupe'a project located in Kapolei, Oahu, is currently under home construction. This project will provide 326 new homesteads and will target families with incomes at 80-120% of median income, and will also include homes for families with incomes below 80% of median. In August 2006, DHHL broke ground on the largest residential development project it has ever done. The East Kapolei project will provide infrastructure for 350 undivided interest awardees.

Goal 2: Address the findings in the 2002 Legislative Auditor's Report.

A financial audit conducted by the Legislative Auditor in 2002 identified several areas of concern regarding DHHL's accounting and loan delivery system. DHHL is continuing to work to address these findings as it strives for a clean audit. Among the specific steps DHHL has taken are the following:

- An audit task force was created including advisors from the private sector to help develop a workplan that address the findings in the Auditor's report.
- DHHL has reviewed its lease delivery process, and loan and collections procedures to improve operational efficiency. DHHL reduced its loan delinquency rate of 42% in FY 03 to 20.1% at the end of calendar year 2006. The department's goal was to achieve a 20% reduction in four years.
- DHHL has continued to keep the State Auditor informed of its progress to address the 2002 Audit findings by way of its annual financial audit conducted by an independent certified public accounting firm.

Goal 3: Pursue financial self-sufficiency by 2015 in an amount sufficient to replace the Act 14 financial settlement of \$30 million per year.

The settlement of Hawaiian home land claims through the passage of Act 14 during the special session in 1995, has provided a consistent and reliable source of funding to DHHL to carry out the purposes of the Hawaiian Homes Commission Act. The annual appropriation of \$30 million has enabled the department to significantly increase its homestead development activity and to place many more Hawaiian families onto the land. As DHHL passes the half-way point in receiving these settlement monies, the department needs to seriously look at how it will replace these funds once the settlement is completed. Goal 3 focuses on this effort.

- DHHL has established a long-range land management plan to identify selected Hawaiian home lands parcels that may hold income potential and are better suited for revenue generation than homestead development. In the years ahead, DHHL will be moving forward with plans to optimize the financial value and use of its current lands.
- DHHL has conducted a comprehensive review of the more than 600 general leases, licenses, revocable permits and other land dispositions currently managed, and has formulated a Comprehensive Capital Plan to increase revenue generation for the department.
- As part of this effort, during the past year, DHHL is finalizing general lease agreements for the development of property at Kapolei on the island of Oahu and on the Big Island. These properties will generate additional general lease revenue to the Trust.

Goal 4: Continue to effectively manage and protect the Trust to ensure perpetuity for future generations of Native Hawaiians and fulfill its responsibility as long-term stewards.

- Protection and preservation of the Trust is of utmost importance to the Commission and the department. In recent years, DHHL has come under increasing attack by organizations and individuals seeking to challenge the constitutionality of the Trust. DHHL and the State Attorney General will continue to defend the Trust from these assaults.
- DHHL continues to advocate for the passage of the Akaka Bill and to assist in efforts towards Hawaiian self-governance. This past year, Governor Lingle, Attorney General Mark Bennett and Hawaiian Home Commission Chairman Micah Kane worked closely with the Office of Hawaiian Affairs and Hawaii's congressional delegation to lobby support for the Akaka bill with key congressional leaders and Administration officials. Favorable action is expected in the next Congress.
- DHHL continues to actively partner with other Hawaiian organizations such as the State Council of Hawaiian Homestead Associations (SCHHA), Hui Kako'o Aina Hoopulapula representing applicants, the Association of Hawaiian Civic Clubs, the Council for Native Hawaiian Advancement, and Kamehameha Schools to protect and preserve native Hawaiian rights and entitlements. DHHL is in the process of constructing a new office facility in Kapolei, Oahu, that will be used as its main office as well as a gathering place for DHHL's client groups. Occupation is expected to take place in December 2007.

2006 was an exciting year for DHHL. The department's focus and commitment to the mission and purpose of the Hawaiian home lands trust remains strong. DHHL has sought to improve and streamline the development and awards processes, and is working hard to strengthen its loan delivery and collection efforts to reduce the percentage of loan delinquencies. DHHL is exploring new strategies to optimize the revenues generated from its lands, and to more effectively manage its land holdings and natural resources, and is continuing its efforts to defend and protect the Hawaiian home lands trust for future generations of Hawaiians.

EXECUTIVE OFFICE ON AGING

The fastest growing population of elderly in the previous decade was the "oldest old" segment for those individuals 85 years and older, growing by 69%. This is over seven times the growth rate of Hawaii's total population. This trend has the following implications:

- Demand for in-home and community-based services for frail and vulnerable older adults will increase. There are over 85,000 persons aged 60 and over who have a disability. At present, EOA is serving over 6,000 in-home and community-based services, but will require greater capacity to meet the demand with the aging of the baby boomer generation. As the population ages, more persons are expected to rely upon home-based assistance, to delay and prevent institutional placements.
- Services for family caregivers. Congress established the National Family Caregiver Support Program that calls for states to provide multi-faceted systems of support services to family caregivers. These family caregivers contribute annually to the nation's health care system by providing unpaid care at home at a significant reduction in cost to Medicare and Medicaid. EOA's future ability to expend federal funding will depend upon agency ability to recruit and retain qualified staff to carry out Congress' mandate.
- Continued collaboration between agencies on aging and public health. The Hawaii Aging Network and the DOH are principal collaborators in promoting healthy aging to delay and prevent the need for more costly direct health and long-term care services.
- Vulnerable older adults, their caregivers and families require education and support. Dependable information is needed for older adults regarding their options, rights and benefits, to advocate, promote greater autonomy, plan for incapacity, help to gain access to protection for the abused or neglected, and to resolve complaints regarding care received in nursing homes, assisted living facilities and adult residential care homes.
- Greater shifting of federal program responsibilities to the states. Federal deficit reduction efforts are expected to modify old age benefit programs, such as Medicare and Social Security, and shift the responsibility to the states to develop public education campaigns to explain the changes. This trend is significant and expected to affect the Medicaid population as well as Medicare recipients. For example, Medicare modernization is expected to produce cost efficiencies for the Federal government but there are expanded State responsibilities for Medicare information, education, counseling and decision assistance to Medicaid

and Medicare beneficiaries due to the anticipated changes in benefits, selection and choice.

Disability and Communication Access Board

The advances in medicine, the demographics of an aging society, and the maturation of disability civil rights laws will result in several trends that affect DCAB. Some of the trends mesh with those of the EOA.

- Emergency readiness, preparedness, and evacuation of persons with disabilities and special health needs. Recent disasters identified serious shortcomings in Hawaii's emergency response system particularly for people with disabilities and the elderly with special health needs. A statewide working group staffed by DCAB is tasked to remedy system deficiencies.
- Designing livable communities. Urban planning, including development of walkable communities and accessible transportation systems to complement an architecturally accessible community will impact our overall program emphasis.
- Community-based services to implement Olmstead. The U.S. Supreme Court's "Olmstead" decision will accelerate State planning efforts to develop additional community-based services for persons with disabilities, particularly those with developmental disabilities who would otherwise be prone to institutionalization. This legal mandate is in conflict with efforts to cutback on Medicaid funds, a major source of funds for community services. This will affect states whose legal obligation will rest on State funding sources to augment limited federal resources.
- Statewide Americans with Disabilities Act (ADA) coordination. All departments have self-evaluations and transition plans to implement the ADA. However, funding has not necessarily kept pace, nor has the system been able to administer the volume of construction needed, especially in the schools. Recent proposed new ADA design guidelines will impact projects in the pipeline due to changing or new design standards, especially for recreation sites, public rights of way, and transportation vessels and vehicles, thus requiring a re-examination of HRS 103-50 and the guidelines used to review State and county construction to conform with applicable accessibility design requirements.

- Stabilization of the parking program for persons with disabilities. The number of individuals eligible for a parking placard for persons with disabilities will continue to increase as the population of persons with disabilities increases. The program is now reasonably stable, although continued increase in funding for the counties will be an ongoing funding issue for DCAB to implement HRS 291, Part III. Also, issues relating to the statewide parking database, record retention, and identity fraud will require attention to ensure the integrity of the statewide database.